



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERM-F

09 JAN 1998

MEMORANDUM FOR

Commander, Engineer Division, Northwestern, ATTN: CENPD-RM,
P.O. Box 2870, Portland, OR 97208-2870

Commander, Engineer Division, Southwestern, ATTN: CESWD-RM,
1114 Commerce Street, Rm. 413B, Dallas, TX 75242-0216

Commander, Engineer Division, South Atlantic, ATTN: CESAD-RM,
77 Forsyth St., S.W., Room 322, Atlantic, GA 30303-3490

SUBJECT: Assured Pricing Customer Orders

1. References:

a. CEMP-ET memorandum, 15 December 1997, Subject: Authority to Proceed with Testing of "Assured Pricing".

b. CEMP-ZA/CECW-ZA decision memorandum, 18 April 1996, Subject: Managing Design Funds - Decisions on Corporate Direction.

2. The reference documents above authorized the subject concept to be tested during fiscal years 1998 and 1999 within your divisions at Savannah, Omaha, Seattle and Ft. Worth Districts. Enclosed is a new chapter 33 (draft) of ER 37-2-10 to be used as Command guidance. This document will remain in effect until the test is completed. If the test is successful, any comments should be forwarded to this office to be incorporated as part of the final document.

3. Questions regarding the enclosed draft regulation should be forwarded to Arland Luster (CERM-F) at 410-761-1865 and for CEFMS to Linda Stoutenburgh (CEFC-AL) at 202-761-1922.

FOR THE COMMANDER:

Encl

PHILIP R. WAGNER
COL, QM

Acting Director of Resource Management

CF:

Commander, Savannah District
Commander, Omaha District
Commander, Seattle District
Commander, Ft. Worth District

CHAPTER 33

REVOLVING FUND ACCOUNTING FOR MILITARY IN-HOUSE DESIGN COSTS

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CHAPTER 33

REVOLVING FUND ACCOUNTING FOR MILITARY IN-HOUSE DESIGN COSTS

33-1. General.

a. Purpose. This chapter designates responsibilities and prescribes accounting procedures for recording military in-house design costs using the "Assured Pricing" concept. ER 37-345-10, chapter 7-12 provides specific costs accounting guidance at the project level for accumulation of military Engineering & Design (E&D) services. No longer will detailed cost accounting data (i.e., labor, travel, overhead, etc.) be reflected within the military appropriation(s) or project level for E&D costs. Under the "Assured Pricing" concept, a firm fixed price is determined and billed to the MCA or MCAF appropriation up-front. The fixed price amount once billed against the appropriation is transferred into the Revolving Fund Advance Liability - Work Item (separated by each appropriation) to start work. Funds transferred will be used to absorb the actual E&D costs charged to the Revolving Fund Shop & Facility - RF33 accounts. A joint disciplinary monitoring process must be in place to ensure the actual costs do not exceed the balance in the advance liability work item.

b. Applicability. This chapter applies to the selected test sites during fiscal years 1998 and 1999 (HQACE approved sites) of the Corps of Engineers. It is written specifically to accommodate activities using the Corps of Engineers Financial Management System (CEFMS). For example, the abbreviation - RF33 account represents the shop & facility account in CEFMS.

33-2. Responsibilities. The funds management and controls of the "Assured Pricing" concept is a joint responsibility with the Resource Management Officer (RMO), Chief of Engineering Division or designee and the assigned Program Manager(s) for the facility account. The RMOs are responsible for the procedures outlined in this chapter and initiating an investigation of a potential Antideficiency Act violation for this area. The Chief of Engineering Division/designee and the Program Manager of the facility account must ascertain that the funds deposited into the advance liability work items cover the actual costs charged to the facility (RF33) accounts at all times.

33-3. General Ledger and Subsidiary Accounts - Assured Pricing.

a. GLAC 2311.11 Advances. Reflect total funds received from the direct appropriations as a credit and funds withdrawn for costs incurred as a debit. Separate work item shall be established by appropriation for this purpose.

b. GLAC 61XX.00 Operating Expenses. Include Operating expenses for in-house E&D services. Subsidiary accounts (RF33100 - MCA and RF33200 - MCAF) are reserved for actual costs only.

33-4. Procedures. (Using the Assured Pricing Concept)

a. Accounting for Advance Liability Work Item. Upon the receipt of direct funds from multi-year military appropriations, a separate work item within CEFMS for that appropriation must be established. Only one account per appropriation is required. The entire amount will be deposited into the advance work item to be made available for withdrawal. The total of all E&D costs relating to that multi-year appropriation is to be absorbed.

b. Accounting for E&D Costs. Prior to the start of work, the Chief of Engineering or designee funds manager will prepare and forward a work order or equivalent document (including the Assured Pricing contract) to the Resource Management Office and the facility account manager. This document must show realistic project estimates for labor, travel, overhead and other costs. An individual RF33 account can be assigned for each project, however, it is recommended to record bulk charges when possible. The total of all work orders or equivalent documents shall be less than or equal to the funds received for that appropriation.

c. Transfer of Month-end E&D Costs. Within CEFMS, each activity must set-up their RF33 work categories to be linked with an advance liability work item. Once the final month-end costs get recorded and dispute account transactions resolved, funds will be withdrawn from the appropriate advance liability work item to the corresponding shop & facility (RF33) account. This can be accomplished by using the "standard rate process" menu option within the Revolving Fund Shops & Facilities module, to transfer the net E&D operating costs monthly. Refer to the CEFMS's user guide for more details.

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33-5. Financial Reporting. The 8th workday of each month, a flash report will be prepared and submitted to the HQUSACE Finance Center, 7800 3rd Ave., Millington, TN 38054-8001 with a copy furnished to CERM-F, 20 Mass. Ave. NW, Washington, DC 20314. The flash report will contain the following data/format:

"Assured Pricing Flash Report"

<u>Sub-Feature/ Cost Feature</u>	<u>Work- Catgy</u>	<u>Total \$ MCA</u>	<u>Total \$ MCAR</u>	<u>Total \$ AF</u>
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Advance Liability Work Item

Advance Liability Account

Funds Received (XXX)		\$0.00	\$0.00	\$0.00
Funds Withdrawn (XXX)		-\$0.00	-\$0.00	-\$0.00
Funds Available (XXX)		\$0.00	\$0.00	\$0.00

RF33100 - MCA/RF33200 - MCAF

P&D Related to Construction

S&R for Design	1A10	\$0.00	\$0.00	\$0.00
VE Activities	1A20	\$0.00	\$0.00	\$0.00
AE Liability	1A30	\$0.00	\$0.00	\$0.00
All Other	1A40	\$0.00	\$0.00	\$0.00
Sub-total		\$0.00	\$0.00	\$0.00

P&D Not Related to Construction

S&R for Design	1B10	\$0.00	\$0.00	\$0.00
VE Activities	1B20	\$0.00	\$0.00	\$0.00
AE Liability	1B30	\$0.00	\$0.00	\$0.00
All Other	1B40	\$0.00	\$0.00	\$0.00
Sub-total		\$0.00	\$0.00	\$0.00

Lost Design	1C00	\$0.00	\$0.00	\$0.00
Design Breakage	1D00	\$0.00	\$0.00	\$0.00
* Total E&D Costs		\$0.00	\$0.00	\$0.00

* Note: The total cost amounts (separated by appropriation) must be transferred against the fund balance maintained in the advance liability work item before month-ends.

In addition, if "total E&D costs" for any appropriation exceeds the fund balance, the Resource Management Officer will determine why with a corrective action plan or initiate an investigation of a potential Antideficiency Act violation immediately.

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33-6. Special Treatment for Lost Design/Breakage. Current accounting instructions for Lost Design Efforts and Design Breakage are contained in chapter 7-32 of ER 37-345-10. This guidance will remain enforced for adjusting the firm fixed amounts. However, the unused funds identified for the Assured Pricing project order must be negotiated and disbursed out of the shop & facility (RF33) account and collected into the original direct project account as a refund. The memo entry (cited in ER 37-345-10) will be recorded for the net amount.

33-7. Unused Advance Liability Balance. Under the assured pricing concept, any surplus identified can be used for financing up-coming assured pricing negotiations or to correct design mistakes imposed by the Corps of Engineers. Unused funds must remain separated by appropriation and use thereof.

33-8. Other Accounting Requirements.

a. Element of Resource(EOR)/Accounting Element. A unique new EOR is required for recording the firm fixed price amount against each Assured Pricing project order. The selected EOR is "0344" for CEFMS users. This will enable the actual E&D costs to be tracked and evaluated within the military appropriations for project execution.

b. Task Accounts. Four digits "Task Accounts" are to be used for the shop & facility RF33 accounts. Refer to ER 37-345-10, chapter 6 for more details regarding task account codes.

c. Omission of Departmental Overhead. Unless CEFMS is modified before testing the "Assured Pricing" concept, a monthly journal entry must be recorded for posting the application of the departmental overhead on direct labor charged to the shop & facility (RF33) accounts. The omission is caused by ER 37-2-10, chapter 16, which precludes the programming logic within CEFMS to apply departmental overhead on labor being charged to shop & facility (RF33) accounts.

For Suggestions/Comments To:
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